



1 August 2019

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Anne

AEMC Reference RRC0031 – Reducing customers’ switching times (retail)

Thank you for the opportunity to comment on the rule change request to support the delivery of the Australian Energy Market Operator (AEMO's) proposed high level design for a timely and improved customer transfer process and changes to its procedures.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from customers of exempt sellers. Our comments are informed by these complaints. We have only responded to those questions that align with issues customers raise with EWON.

This submission takes the approach of summarising customer impact for electricity with respect to each question, as evidenced by our casework, and supported by explanatory case studies in Attachment 1.

Proposed NER amendments

Do you agree that clause 7.8.9(e)1 of the NER restricts the delivery of the proposed changes to the customer transfer procedures and process?

Of the 72 transfer delay complaints EWON received in the April to June 2019 period, only one complaint was identified as arising from a request by a new retailer to nominate its own Metering Coordinator (MC), Metering Provider (MP) or Metering Data Provider (MDP) (Case Study 1). In this scenario, the prospective retailer attempted to nominate its own metering services and install a new digital meter as part of the transfer and this request was rejected due to the site being managed by the incumbent retailer’s nominated MC, MP and MDP.

Based on current metering responsibilities, clause 7.8.9(e)1 should not affect any of the proposed changes where a site has a Type 5/6 meter in place and the meter is intended to remain so as part of

a transfer. These metering installations have only one valid MC/MP/MDP – the distribution network for the area – and this cannot be changed while the meters remain in place. As noted in AEMO’s *Retailer Transfer Processes in the NEM: High Level Design* these meters make up 73% of all current meter installations.

Because of the rarity of complaints about transfer delays due to requested changes to MCs, MPs or MDPs, it is difficult to quantify whether clause 7.8.9(e)1 meaningfully affects the delivery of AEMO’s proposed changes. However, as Type 5/6 metering installations are progressively replaced with Type 4 installations, incidents of the clause affecting transfers with existing Type 4 meters may increase.

Are there any impacts from removing clause 7.8.9(e) 1 from the NER and allowing the MC, MP or MDP roles for metering installations to be nominated in the procedures but as a separate request or in parallel to a retail customer transfer?

EWON understands that some retailers attempt to use the current option of nominating an MC/MP/MDP on the understanding that it allows the retailer to arrange the installation of a Type 4 meter and become the financially responsible retailer as of the installation date. However, as noted in the consultation paper, a meter change cannot be initiated by an incoming retailer until after completion of the retail transfer (except by commercial arrangement).

While removing this clause should not cause any significant impacts and may expedite transfers by divorcing any errors and objections arising from role change requests from the transfer itself, EWON believes that there is an opportunity to consider further improvements to transfer procedures.

Many market contracts are conditional on the specific metering technology present at the site, including contracts that offer:

- Time of use rates
- Demand rates
- Solar feed-in tariffs
- Installation of solar generation and battery systems
- Other behind the meter services.

Where customers agree to a market offer but do not have a compatible metering installation, confusion and difficulties can arise during the interim period between the transfer and the installation of the required metering. For customers with existing basic meters, this may mean the customer is forced to agree to a second market offer for a flat rate tariff that will apply during the interim period. Further, discounts and benefits may not be comparable between the initial desired market offer and the interim market offer.

Procedures and options for incoming retailers to request or arrange a meter churn prior to (or as part of) initiating a transfer should be reviewed. While the existing and incoming retailers can currently negotiate a commercial agreement to install a new meter prior to a transfer, there appears to be no actual requirement to do so.

These procedures should be strengthened to limit objections and improve competition. Where a customer consents, an incoming retailer should ideally be able to arrange a meter churn (potentially through its own nominated metering provider) and effect a transfer and change of roles as of the

date of the exchange. This should be supported by the same principles of limiting objections and save requests as the proposed modifications to the transfer process strive to achieve.

Is there any evidence to suggest that customers with manually read metering installations would not take up alternative meter read options to transfer retailers in a timely and seamless manner?

While it rarely occurs for electricity customers, gas customers are routinely transfer on alternative meter read options such as estimated meter readings and consumer meter readings. The complaints EWON has received from gas customers about such transfers provides insight into the issues that would arise for electricity customers if the same practice were to become standard for electricity transfers.

These complaints include concerns that the estimated consumption comprises gas usage by a previous or subsequent occupant. This can be exacerbated where the customer considers there are significant differences in consumption patterns, such as a reduced household size or where the customer reduces consumption before closing the account (Case Study 2). Additional complications can arise where there is an extended history of estimated meter readings prior to the new account being opened. If those past meter readings were under-estimated, this will result in a large catch up bill when an actual meter reading is eventually obtained.

There is also a persistent subset of customers who object to estimated meter readings on principle. These customers regularly voice concerns regarding the validity of bills based upon estimated meter readings. These concerns are generally magnified when the estimation relates to an initial or final bill.

If customers are provided an opportunity to make an informed choice over meter reading options for a transfer and the impacts of each option, this may address concerns that could arise. This would enable customers to choose the best option for their situation.

Based on AEMO's proposed high level design and changes to the existing procedures, are clarifications required to clause 21(1) of the NERR to remove ambiguity about issuing final bills on estimate metering data?

Additional clarifications to clause 21(1) should not be required. The Rules have been designed to cover both electricity and gas accounts. Given that it is current industry practice for gas accounts to be routinely closed (and opened) on estimated meter readings, this practice should be able to be extended to electricity accounts without requiring specific amendments to the Rules.

Are additional provisions required in the NERR to address overcharging and dispute resolution arrangements in situations when a retail electricity customer has transferred using estimate meter read?

EWON does not consider that the NERR requires any additional provisions to address overcharging. Rule 31 is already neutral as to the cause for the overcharge and applies regardless of whether revised consumption is based on an actual or estimated meter reading.

In particular, where a metering data provider amends estimated consumption to a lower estimated amount, this already qualifies as an overcharge and results in revised billing to credit the overcharged amounts.

EWON notes AEMO's proposal to amend Rule 30 to prohibit the previous retailer from recovering undercharged amounts for final bills. Many customers, particularly those who have moved out of a household, suffer serious detriment, such as being credit listed, when they assume that because they have paid a final bill, their obligation is over. AEMO's proposal would prevent this happening.

However, it seems unreasonable to expect retailers to bear the cost of an undercharge, particularly as the cause of the undercharge can be outside the retailer's control, as is the case when the distributor is unable to read the meter. EWON's position is that customers should pay for any energy that they have consumed and that has been billed to them in a reasonable timeframe. Rule 30 already provides reasonable conditions on when an undercharge may be recovered.

Are there any additional information requirements needed for a customer to transfer retailers using different forms of meter reads, including self, last billable or estimate meter read?

Where possible, it is preferable that start and final meter readings of an account for a basic metering installation be based on an actual meter reading or customer self meter reading. This would limit disputes arising around responsibility for estimated consumption.

In contrast, for customers with interval meter reading installations, estimated meter readings can be accurately amended once the interval data has been obtained through an actual meter reading. However, where an estimated meter reading is used, the customer should be clearly informed that the bill may be adjusted if a subsequent actual meter reading is obtained.

If a customer meter reading is accepted, this should be validated as per the process for customer reads accepted by a retailer under Rule 21 of the NERR. This would limit instances of errors due to customer misreads of a meter.

Other observations

Transfers in error and transfers without consent

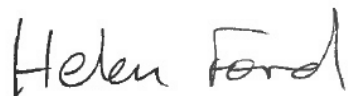
EWON supports the goal of increasing the speed and efficiency of the transfer process. While removing the notification to the existing retailer will achieve the policy intent of limiting save back

requests, this change will have the unintended consequence of increasing instances of transfers in error and transfers without consent. Customers have regularly informed EWON that it was because of their existing retailer calling them to query the reason for a transfer that they became aware of an error (Case Study 3). This early warning often allows customers to stop the unauthorised transfer before it completes.

Removing this opportunity will mean that unauthorised transfers that would otherwise have been stopped prior to completion will go through. This will in turn increase the risk of disconnections as a result of customers being unaware that another retailer has become responsible for the site and is billing electricity charges.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely

A handwritten signature in black ink that reads "Helen Ford". The signature is written in a cursive, slightly slanted style.

Helen Ford
Deputy Ombudsman
Energy & Water Ombudsman NSW

Attachment – Case Studies

Case Study 1: *Change of MC/MP/MDP*

A customer contacted EWON in April 2019 and advised he has been trying to transfer to a new retailer and arrange a new digital meter for his new solar generation system since February 2019. The requests by the new retailer to take over the account had been rejected multiple times. The customer's current retailer advised that the requests to transfer had been rejected on the basis that the new retailer was also trying to request a meter exchange. The customer had been back and forth between the two retailers and was unable to progress the matter further.

EWON investigated the complaint and confirmed the issue was due to the new retailer attempting to organise its own MC and meter installation prior to transfer. A transfer was successfully completed on a scheduled meter reading in April 2019.

Case Study 2: *Gas Move Out on Estimate*

A customer arranged the closure of their gas account when they moved out of a property in December 2018. He then received a higher than expected final estimated gas bill of \$367.86 when previous bills were around \$100 and he had not been home for much of the billing period. His retailer advised there had been meter access issues and the final read had been estimated. The retailer gave the customer the option of providing a self read which it could rebill on but the customer could not obtain a self read as he no longer rented the property.

After contacting EWON, the customer agreed to have the complaint referred to the retailer at a higher level, knowing he could return to EWON if an agreed outcome could not be negotiated.

Case Study 3: *Early warning of transfer in error*

A customer advised EWON that his current retailer had sent him a text message which noted he was transferring to another retailer. The customer was very concerned by this as he had not authorised a transfer. He rang his preferred retailer who advised that it would contact the other retailer and request they cancel the transfer, but the other retailer did not accept the request.

The customer agreed to have the complaint referred to the retailer at a higher level, knowing he could return to EWON if an agreed outcome could not be negotiated.